

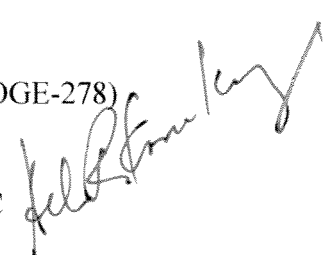


U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-0500

THE GENERAL COUNSEL

April 19, 2012

TO: All Public Financial Disclosure Filers (OGE-278)

FROM: Helen R. Kanovsky, General Counsel, C 

SUBJECT: Changes to the OGE-278 process after the STOCK Act

On April 4, 2012, President Obama signed into law the Stop Trading on Congressional Knowledge Act of 2012 (the STOCK Act). See STOCK Act (Pub. Law 112-105). The purpose of this memorandum is to inform public financial disclosure report (OGE-278) filers of the changes to the OGE-278 process as a result of the STOCK Act.

Summary of Key Changes to the OGE-278 Process

1. **Mortgage Reporting for PAS officials:** As of April 4, 2012, PAS officials must report mortgages on personal residences on their OGE-278 reports.
2. **Reporting Transactions:** On July 2, 2012, all OGE-278 filers must start reporting financial transactions within 30 days of being notified the transaction occurred or within 45 days at the latest.
3. **Posting Reports Online:** By August 31, 2012, HUD must post all OGE-278 reports and transaction reports on its website within 30 days of being filed and include information on extensions given to filers.
4. **Uniform Electronic Filing System:** As of October 4, 2013, unless Congress grants the Office of Government Ethics (OGE) an extension, OGE will create a uniform searchable electronic filing system for financial disclosure reports filed by all executive branch agency employees.

PAS Employees Reporting Personal Mortgages

Section 13 of the STOCK Act applies to OGE-278 reports filed by presidentially appointed, Senate confirmed (PAS) officials on or after April 4, 2012. Section 13 requires all PAS officials to report their mortgages on their personal residences on their OGE-278. The reportable mortgage information should be included on Schedule C, Part I, as follows: the name of the lender, the terms and conditions of the loan, and a notation as to whether the mortgage is on a personal residence or an investment property. PAS officials are not required to disclose the location (city and state) of a residence secured by the mortgage, unless the residence also

produces rental income over \$200 per year and is required to be reported on Schedule A as an asset.

Reporting Financial Transactions

On July 2, 2012, all OGE-278 filers must start reporting financial transactions to the Ethics Law Division (ELD). The transaction report must be filed within 30 days from the date you are notified the transaction occurred or within 45 days at the latest. The transactions covered are basically identical to Schedule B of the OGE-278 report, except there is slightly different language for the EIF definition (excepted investment fund). Section 14 of the STOCK Act provides an exception for assets which are “widely held investment funds” and are (1) publically traded or widely diversified and (2) the reporting individual neither exercises control over nor has the ability to exercise control over the financial interests held by the fund. In practice, this exception will most often be used when a filer trades or conducts other financial transactions involving diversified mutual funds.

Once OGE issues additional guidance clarifying the scope of exempt transactions and providing a transaction report form, ELD will follow up with more details on this process. The STOCK Act also requires HUD to post these transaction reports on its website.

Posting Reports Online

By August 31, 2012, HUD must post all OGE-278 reports and transaction reports on its website within 30 days of being filed and include information on extensions given to filers. Please be aware that annual reports from 2011 will be the first reports publically available on HUD’s website. Your 2011 annual OGE-278 reports are due by May 15, 2012.

Uniform Electronic System

The largest change for the executive branch with the passage of the STOCK Act is that OGE now must create a uniform electronic filing system for all filers, both OGE-278 filers as well as confidential financial disclosure report (OGE-450) filers. The deadline for the effective date of this uniform system is October 4, 2013, unless Congress grants OGE an extension. The database will be publically available, but only the data from OGE-278 reports must be publically searchable. The STOCK Act is written as though Congress intends for a search function able to answer questions like: Which filers were granted extensions? Which filers have personal mortgages over \$500,000? Which filers own stock in Google? While this database will not exist in the near future, we wanted to alert you as to what is ahead.

Questions or Comments

We will keep you apprised of any additional information and guidance we receive on this new law as its various sections get implemented. If you have any questions or comments regarding the STOCK Act, please feel free to contact Peter J. Constantine, the Associate General Counsel for Ethics and Personnel Law, at (202) 402-2377, or Robert H. Golden, the Assistant General Counsel for Ethics Law, at (202) 402-6334.